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# NASA Procedural Requirements

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(NASA Only)

## Subject: Budget Execution

**Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [AppendixA](#) | [AppendixB](#) | [AppendixC](#) | [AppendixD](#) | [AppendixE](#) | [AppendixF](#) | [ALL](#) |

## Appendix A. Definitions

### A.1. Key terms and concepts are provided below.

BUDGET EXECUTION TERMS		
Acts (Types)		
Appropriation Act	--	<p>An act under the jurisdiction of the House and Senate Committees on Appropriations that generally provides legal authority for federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Major types of appropriation acts are regular, supplemental, deficiency, and continuing.</p> <p>Regular Appropriation. All appropriation acts that are not supplemental, deficiency, or continuing.</p> <p>Supplemental Appropriation. An act appropriating funds in addition to those already enacted in an annual appropriation act, usually in cases where the need for funds is too urgent to be postponed until enactment of the regular appropriation bill. Supplementals may sometimes include items not</p>

		<p>appropriated in the regular bills for lack of timely authorizations.</p> <p>Deficiency Appropriation. An appropriation made to pay obligations for which sufficient funds are not available, often resulting from violations of the Antideficiency Act. Though technically distinct from a supplemental appropriation, Congress has stopped passing separate deficiency appropriations.</p> <p>Continuing Appropriation. An appropriation act that provides budget authority for federal agencies, specific activities, or both to continue in operation when Congress and the President have not completed action on the regular appropriation acts by the beginning of the fiscal year. A continuing resolution may be enacted for the full year, up to a specified date, or until regular appropriations are enacted and usually specifies a maximum rate at which the obligations may be incurred. If enacted to cover the entire fiscal year, the resolution will usually specify amounts for each appropriation account.</p>
Authorization Act	--	Substantive legislation that establishes and continues the operation of a federal program or agency either indefinitely or for a specific period or that sanctions a particular type of obligation or expenditure within a program.
Antideficiency Act (ADA)	--	One of the major laws through which Congress exercises constitutional control of the public purse. Some of its prohibitions include: making or incurring overobligation or overexpenditure from an appropriation, apportionment, or formal subdivision thereof (i.e., allotment or suballotment, if issued, under NASA Fund Control Regulations); making or incurring expenditures or obligations in advance of an appropriation unless authorized by law; and accepting voluntary services unless authorized by law. Additional restrictions include: only using an appropriation for its intended purpose and, for appropriations made for a definite period (e.g., two-year funds), only using the appropriation for expenses and obligations

		properly incurred during that time (“bona fide needs” rule). ADA constraints apply to all phases of an appropriation's life cycle.
<b>Budget Authority</b>	--	The authority to incur financial obligations that will result in outlays. The basic four forms are appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. NASA only has appropriations and spending authority.
Appropriation	--	A provision of law authorizing the expenditure of funds for a given purpose, usually, but not always, in an appropriations act. It is designated by the Treasury Appropriation Fund Symbol (TAFS).
Spending Authority from Offsetting Collections	--	Authority permitting obligations and outlays to be financed by offsetting collections. Reimbursables and Working Capital Funds use spending authority. Reimbursables are characterized as anticipated until there is a signed agreement, at which time they are characterized as realized. Anticipated resources are not available for obligation until apportioned, distributed to the operating unit, and realized. Unrealized anticipated spending authority does not carry over into the new fiscal year.
<b>Budget Authority (Funds) Distribution</b>	--	The formal distribution/delegation of budget authority
Apportionment/ Reapportionment	--	A distribution made by OMB of amounts available for obligation and outlay in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by agency policy, and NASA has formally subdivided these into allotments and, if warranted, suballotments. The specified amounts in an apportionment, allotment and suballotment are the limit of obligations that can be incurred without violating the ADA. Apportionments and reapportionments remain in effect through the

		expired and canceled phases.
Allotment and Suballotment	--	<p>Authorization to incur obligations up to a specified amount, within the apportionment approved by OMB. An allotment, or a suballotment when used, is part of an agency system of administrative control of funds, whose purpose is to keep obligations and expenditures from exceeding the amounts available. Incurring or making an obligation or expenditure in excess of an allotment or a suballotment is an ADA violation. Allotment and suballotment limitations remain in effect through the expired and canceled phases. However, unobligated balances may be pulled back from allotments and suballotments during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account. (Note: Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment. Increasing an allotment or suballotment does not eliminate any ADA violation that may have occurred. If an ADA violation existed prior to the additional funds being distributed, it must still be reported.)</p>
Allowance	--	<p>A formal administrative subdivision of an allotment that may be used instead of a suballotment when the Agency CFO wishes to further distribute funds to meet operational needs but has determined that ADA or apportionment controls below the allotment level are not necessary</p>
Allocation of Funding Targets	--	<p>The formal administrative distribution of funding targets below suballotment to the program, project, and Center levels to incur obligations within a specific amount. Overobligation or overexpenditure of an allocated funding target is not a violation of the ADA unless it results in overobligation or overexpenditure of appropriation, apportionment, allotment, or suballotment but is subject to administrative penalties.</p>

<b>Budget Authority Phases</b>	--	There are three phases to a budget authority's life cycle.
Unexpired Phase (current / available period)	--	The time period during which budget authority is available for incurring "new" obligations. For example, you may make "new" grants or sign "new" contracts during this phase, and you may make disbursements to liquidate the obligations. This phase lasts for a set number of years provided in the appropriations (one year, two year, etc.). No-year authority lasts indefinitely. If deobligations (called recoveries) occur during this phase, funds may be used for new obligations if apportioned.
Expired Phase	--	The time period during which budget authority is no longer available for new obligations but is still available for liquidating existing obligations by making disbursements. This phase lasts five years after the last unexpired year, unless lengthened by legislation. Budget authority, including funds that become available through deobligation, is available for upward adjustments on obligations properly chargeable to the account, but not for "new" obligations like an increase in the scope of a project. ADA restrictions still apply down to level of formal subdivision (i.e., allotment and suballotment (if issued)). However, unobligated balances may be pulled back below the apportionment level during the expired phase and redistributed for adjusting and liquidating obligations properly chargeable to the account within the same appropriation and apportionment. (Note: Making or authorizing an expenditure or obligation of funds cannot occur prior to funds being made available for the adjustment. Increasing an allotment or suballotment does not eliminate any ADA violation that may have occurred. If an ADA violation existed prior to the additional funds being distributed, it must still be reported.)

Canceled (Closed) Phase	--	After the last expired year, an account is closed, and the balances and authority to disburse are canceled. Any offsetting collections that would have been credited to the account prior to the time the account is canceled but that are received after the account is closed must be recorded in miscellaneous receipts in the Treasury. Any invoice reflecting a valid obligation that is received after an account has closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase, i.e., "current funds"; but it is an ADA violation for disbursements to exceed 1% of an available current appropriation and/or the remaining balance of canceled unobligated funds for that account, apportionment, allotment, or suballotment (if issued).
<b>Contract / Grant / Agreement</b>		
Contract	--	A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds. Contracts include (but are not limited to) awards; job orders or task letters issued under basic ordering agreements; letter contracts; purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. §§ 6301 et seq.
Cooperative Agreement or Grant	--	A federal financial assistance award making payment in cash or in kind for a specified purpose. For a grant, NASA is not expected to have substantial involvement with recipient (the state or local government or other entity) while the contemplated activity is being performed. For a cooperative agreement, NASA is expected to have substantial involvement with recipient while the contemplated activity is being performed.



Economy Act Agreement	--	An agreement to obtain goods or services from another agency or major unit of the same agency, under the terms of 31 U.S.C. § 1535. The amount obligated must be deobligated to the extent that the performing agency/unit has not incurred obligations before the end of the period of availability of the ordering appropriation and set agreement period of performance. Funds may not be obligated by the performing agency after the ordering agency's appropriation expires and set agreement period of performance.
Space Act Agreement	--	A binding agreement entered into under the "other transaction" authority in the Space Act between NASA and another party ("Agreement Partner"). Space Act Agreements can be Reimbursable (NASA's costs are reimbursed for its unique goods, services, or facilities), Nonreimbursable (there is no exchange of funds), or Funded (appropriated funds are transferred to a domestic Agreement Partner to accomplish an Agency mission). Properly obligated budget authority remains obligated after the appropriation expires for liquidating the ordering agency's obligation as the performing agency completes the work (i.e., it does not have to be deobligated before the appropriation expires, like Economy Act obligations). However, as with other contractual obligations, once the agency liquidates the obligation, any remaining balances are subject to the original purpose and time limitations and are not available for new obligation after the account has expired.
<b>Plans</b>		
Agency Execution Plan (AEP)	--	A detailed financial plan based on the Agency Operating Plan and used to determine how funds will be distributed below the apportionment level, but within any controls established in the appropriation and apportionment.

Agency Operating Plan (AOP)	--	An internal plan based on the Congressional Operating Plan which sets forth the specifics on how NASA intends to apply Agency financial resources during the fiscal year to fulfill its mission when more detail is needed than provided in the COP. For example, the AOP includes all programs and projects, while the COP may or may not go down to the project level.
Congressional Operating Plan (COP)	--	An external operating plan which may be developed at the program or project level, as requested by Congress. It is approved by the Administrator and OMB and then provided to Congress for a 15-day review period before being executed. It is not a statutory control but establishes a common understanding between NASA, OMB, and Congress of NASA's planned course of action in achieving its mission.
<b>Other Terms</b>		
Advance Appropriation	--	Budget authority provided in an appropriation act that becomes available 1 or more fiscal years after the fiscal year for which the appropriation act was enacted. For example, a fiscal year 2005 appropriation act could provide that the budget authority for a specified activity would not become available until October 1, 2005 (the start of fiscal year 2006), or later. The amount is not included in the budget totals of the year for which the appropriation act is enacted but rather in those for the fiscal year in which the amount will become available for obligation. In the example above, the budget authority would be recorded in fiscal year 2006.
Anticipated Budget Authority	--	Resources that are expected to become available during the current fiscal year but which have not yet been received or are not otherwise available. Reimbursable funding that has not been realized and recovery of prior year obligations are two forms of anticipated budget authority.



"Bona Fide" need	--	An appropriation or fund limited for obligation to a definite period [typically two years for most NASA projects] is available only for payment of expenses properly incurred during the period of availability, or to complete contracts properly made and obligated within the period of availability. That is, the obligation must be to satisfy a need of the agency that arose during the period of availability (with certain limited exceptions) and must meet the purpose and availability of funds established in the appropriation.
Commitment	--	An administrative reservation of budget authority in anticipation of an obligation.
Deobligation	--	An agency's cancellation or downward adjustment of previously incurred obligations during the unexpired or expired phase. If the funds are current and available, they are considered to have been recovered. Deobligated funds may be reobligated within the available period of the appropriation (unexpired phase) if apportioned. In the expired phase, all unobligated funds, including those deobligated, are available only to cover appropriate adjustments to existing obligations in an expired account.
Disbursement	--	Amounts paid by cash or cash equivalent (such as checks and electronic transfers) to liquidate Government obligations. "Disbursement" is used interchangeably with the term "outlay" and "expenditure." Gross disbursements represent the amount of payments made less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided.
Expenditure/ Outlay	--	The actual spending of money or cash equivalent; see disbursement.

Expense	--	An accounting term referring to the outflow of assets and/or incurrence of liabilities, as a result of providing goods, rendering services, or carrying out other activities related to NASA's programs and missions, the benefits from which do not extend beyond the present operating period.
Forward Funding	--	(1) Budget authority that is made available for obligation beginning in the last quarter of the fiscal year for the financing of ongoing activities (usually grant programs) during the next fiscal year. This funding is used mostly for education programs, so that obligations for grants can be made prior to the beginning of the next school year. The budget records the budget authority in the fiscal year in which it is appropriated. For example, the following language, if it appeared in an appropriation act for 2007, would provide forward funding: "... of which \$2,000,000 shall become available on July 1, 2007 and shall remain available through September 30, 2008 for academic year 2007-2008." (2) NASA sometimes uses this term to refer to incurring any obligation to cover a bona fide need for the following fiscal year using current year funds that would have carried over and remained available in the following fiscal year.
Funding/ Appropriation Hiatus	--	A funding, or appropriation, hiatus occurs when neither a regular appropriation nor a continuing resolution is passed by Congress to provide funding and, as a result, most Federal government operations are shut down. In the absence of appropriations: (a) Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law; (b) Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may <u>not</u> be disbursed. Only essential personnel will continue to work during a shut down of government operations, and they will be determined by: (a) the hazardous character of certain NASA operations; (b) the threat to property involved in failure to provide the minimum level of

		security, safety, reliability, and quality assurance oversight to contractor operations continuing under multiyear appropriations; (c) the preservation of Government assets, for example, orbiting spacecraft including the International Space Station (ISS), requiring regular and frequent attention; and (d) the safety of human life.
Lapse in Appropriations	--	A funding/appropriation hiatus; see funding hiatus.
Obligation	--	Any act that legally binds the Government to make an outlay or expenditure of funds immediately or in the future; a “bona fide” need must exist and funds must be available, apportioned, and distributed before creating an obligation.
Recovery of Prior Year Obligations	--	A deobligation of prior year unpaid obligations. If the funding is still available for new obligations, it may be obligated for a new purpose; if the appropriation has expired, it may only be used for adjustments to existing obligations. Recovered funding may only be used if it has been properly apportioned and distributed to the operating unit.
Reimbursables Anticipated	--	Amount of new, signed agreements planned/expected in a fiscal year. When reimbursable agreements are signed during the year, amounts of those agreements become realized. Anticipated reimbursables are apportioned by OMB but budgetary resources do not become available for obligation until reimbursable agreements are realized.
Reimbursables Earned	--	Reimbursable work from other agencies and customers for which the performance of service and delivery has been completed by the performing activity.
Reimbursables Realized	--	Reimbursable work from other agencies and customers for which reimbursable contracts or agreements have been signed by both the customer and the provider.

Unobligated Balance	--	The cumulative amounts of budget authority that are not obligated and that remain available for obligation (current funds) or for existing obligations with properly chargeable adjustments (expired funds) under law.
<b>Types of Fund Accounts</b>	--	There are a variety of Expenditure/Appropriation and Receipt Accounts in the President's Budget, including:
Federal Funds Group	--	Fund types in which moneys are collected and spent by the Government through accounts other than those designated as trust funds, including general, special, public enterprise, and intragovernmental funds.
General Fund	--	Accounts in the U.S. Treasury holding all federal money not allocated by law to any other fund account.
Revolving Fund	--	A fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types: public enterprise, intragovernmental, and trust revolving funds.
Special Fund	--	An account earmarked by law for a specific purpose.
Trust Fund	--	A type of account, designated by law a trust fund, for receipts or offsetting receipts earmarked for specific purposes and the expenditure of these receipts.
Working Capital Fund	--	A revolving fund that operates as a self-supporting entity and conducts a regular cycle of businesslike activities. These funds normally function entirely from the fees charged for the products or services they provide consistent with their statutory authority.

<b>Treasury Appropriation Fund Symbol</b>	--	The separate Treasury accounts for each appropriation title; include a Federal account symbol and availability code (annual, multi-year, or no-year)
<b>Warrant</b>	--	An official document that the secretary of the Treasury issues upon enactment of an appropriation that establishes the amount of moneys authorized to be withdrawn from the central accounts that the Department of the Treasury maintains. It is often called an appropriation or Treasury warrant.

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